

**Union Community Action Association, Inc.
Farmerville, Louisiana**

Financial Statements

**As of and for the Years Ended June 30, 2002 and 2001
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been distributed to the county and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/16/03

Union Community Action Association, Inc.
Farmerville, Louisiana

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Independent Auditors' Report

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

We have audited the accompanying statements of financial position of Union Community Action Association, Inc. as of June 30, 2002 and 2001, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Union Community Action Association, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Community Action Association, Inc. as of June 30, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2002, on our consideration of Union Community Action Association, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Union Community Action Association, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplemental schedules shown on pages 13–16 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook and Morehart
Certified Public Accountants
November 21, 2002

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Financial Position
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Assets		
Current assets:		
Cash	\$ 125,097	\$ 176,790
Certificates of deposit	160,822	157,255
Grant receivables	622,953	197,928
Other receivables	2,084	509
Due from other funds	193,987	208,749
Total current assets	<u>1,104,943</u>	<u>741,231</u>
Property and equipment:		
Property and equipment	295,884	397,055
Accumulated depreciation	(172,666)	(288,038)
Net property and equipment	<u>123,218</u>	<u>109,017</u>
Total Assets	<u><u>\$ 1,228,161</u></u>	<u><u>\$ 850,248</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 508,831	\$ 122,614
Accrued liabilities	120,017	39,033
Other liabilities	1,886	73,673
Due to other funds	193,987	208,749
Refundable advances	76,719	67,662
Total current liabilities	<u>901,440</u>	<u>511,731</u>
Net assets:		
Unrestricted:		
Operating	203,503	229,500
Fixed assets	<u>123,218</u>	<u>109,017</u>
Total net assets	<u>326,721</u>	<u>338,517</u>
Total Liabilities and Net Assets	<u><u>\$ 1,228,161</u></u>	<u><u>\$ 850,248</u></u>

The accompanying notes are an integral part of the financial statements.

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Activities
For the Years Ended June 30, 2002 and 2001

	Unrestricted	
	2002	2001
Revenues and Other Support:		
Contractual revenue - grants	\$ 2,639,228	\$ 1,658,933
Interest income	10,171	13,341
Miscellaneous revenues	326	10,310
	<u>2,649,725</u>	<u>1,682,584</u>
Expenses and Losses:		
Job training assistance	1,887,177	1,117,516
One stop shop	11,048	11,318
Migrant education	411,022	395,851
Community services	75,479	75,119
Home energy assistance	201,361	66,683
Commodities distribution		1,556
Emergency assistance	13,753	14,787
Medicaid application assistance	4,841	3,828
General services	32,017	51,485
	<u>2,636,698</u>	<u>1,738,143</u>
Loss from disposal of equipment	<u>24,823</u>	
	<u>2,661,521</u>	<u>1,738,143</u>
Change in net assets	(11,796)	(55,559)
Net assets as of beginning of year	<u>338,517</u>	<u>394,076</u>
Net assets as of end of year	<u>\$ 326,721</u>	<u>\$ 338,517</u>

The accompanying notes are an integral part of the financial statements.

Union Community Action Association, Inc.
Farmerville, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating Activities		
Change in net assets	\$ (11,796)	\$ (55,559)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,158	42,182
Loss on equipment disposal	24,823	56
(Increase) decrease in operating assets:		
Grant receivables	(425,025)	(84,183)
Other receivables	(1,575)	453
Increase (decrease) in operating liabilities:		
Accounts payable	386,217	58,915
Accrued liabilities	80,984	(12,893)
Other liabilities	(71,787)	29,949
Refundable advances	9,057	9,445
	<u>33,056</u>	<u>(11,635)</u>
Net cash provided by (used in) operating activities		
	<u>33,056</u>	<u>(11,635)</u>
Investing Activities		
Payments for property and equipment	<u>(81,183)</u>	<u>(20,731)</u>
Net cash used in investing activities	<u>(81,183)</u>	<u>(20,731)</u>
Net increase (decrease) in cash and cash equivalents	(48,127)	(32,366)
Cash and cash equivalents as of beginning of year	<u>334,045</u>	<u>366,411</u>
Cash and cash equivalents as of end of year	<u><u>\$ 285,918</u></u>	<u><u>\$ 334,045</u></u>

The accompanying notes are an integral part of the financial statements.

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Union Community Action Association, Inc. (Union) is a private non-profit corporation incorporated under the laws of the State of Louisiana. Union is governed by a Board of Directors composed of 15 members. These board members receive no compensation for their services.

Union operates as a community action agency administering various federal and state funded programs designed to provide assistance to the poor and disadvantaged in Union parish in Louisiana. The following programs, shown with their approximate percentage of total revenues, are administered by Union:

WIA Adult Program (25.8%) — Prepares adults for participation in the labor force by increasing their occupational and educational skills. Funding is provided by Workforce Investment Act federal funds passed through the Louisiana Department of Labor.

WIA Youth Program (33.25%) — Improves the long-term employability of youth; enhances the educational, occupational, and citizenship skills of youth; encourages school completion or enrollment in alternative school programs; increases the employment and earnings of youth; and reduces welfare dependency. Funding is provided by Workforce Investment Act federal funds passed through the Louisiana Department of Labor.

WIA Dislocated Worker Program (7.18%) — Establishes an early readjustment capacity for dislocated workers by providing comprehensive coverage to workers regardless of the cause of dislocation; providing early referral from the unemployment insurance system to adjustment services as an integral part of the adjustment process; and fostering labor, management and community partnerships with government in addressing worker dislocation with an emphasis on retraining and reemployment services rather than income support. Funding is provided by Workforce Investment Act federal funds passed through the Louisiana Department of Labor.

5% Incentive Program — Provides adult and/or youth remediation activities that will result in job preparation for future employment needs. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Welfare to Work (7.3%) — Provides services to TANF recipients having difficulty in moving from welfare to unsubsidized, long-term employment. Funding is provided by federal funds passed through the Louisiana Department of Labor.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001
(Continued)

Migrant Education (15.5%) — Provides assistance to establish or improve programs designed to meet the special educational needs of migratory children of migratory agricultural workers or migratory fishers. Funding is provided by federal funds passed through the Louisiana Department of Education.

Community Services Block Grant (2.82%) — Administers programs designed to provide services and activities that will have a measurable impact on causes of poverty in the community. Funding is provided by federal funds passed through the Louisiana Department of Labor.

Home Energy Assistance (7.63%) — Assists low income households offset the burden of high energy costs. Funding is provided by federal funds passed through the Louisiana Housing Finance Agency.

Emergency Program (0.52%) — Provides various types of assistance payments in areas of high need through-out the community to persons based upon their employment or poverty status. Funding is provided by federal funds from the Federal Emergency Management Agency.

B. Basis of Accounting

The financial statements of Union have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

Union is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Union's tax-exempt purpose is subject to taxation as unrelated business income. Union had no such income for this audit period.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001
(Continued)

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Union considers all unrestricted highly liquid investments with an initial maturity of six months or less to be cash equivalents, when there is no significant penalty for early withdrawal.

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

H. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Union to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2002 and 2001, Union had no significant concentrations of credit risk in relation to grant receivables.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001
(Continued)

Union maintains cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2002 total cash balances held at financial institutions was \$411,299. Of this amount, \$200,000 was secured by FDIC, \$174,517 was collateralized by pledged securities, and the remaining \$36,782 was unsecured. At June 30, 2001 total cash balances held at financial institutions was \$479,021. Of this amount, \$184,819 was secured by FDIC, and the remaining \$294,202 was collateralized by pledged securities.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2002 and 2001, but received after that date.

(4) Due To and Due From Other Funds

The following schedule represents amounts due to and due from other funds at June 30, 2002:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 137,345	\$ 116,205
WIA Adult Program		22,589
Title II-B Program	13,309	
WIA Youth Program		9,375
WIA Dislocated Worker Program	5,000	17,222
WIA 8%		4,313
WIA Incentive		
Welfare to Work	5,104	
Migrant Education	19,749	
Community Services Block Grant		16,227
Home Energy Assistance	11,851	
Commodities Distribution		518
Emergency Assistance	623	
Medicaid Application Assistance		7,538
One Stop Shop	1,006	
	<u>\$ 193,987</u>	<u>\$ 193,987</u>

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001
(Continued)

The following schedule represents amounts due to and due from other funds at June 30, 2001:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Services	\$ 158,558	\$ 109,566
WIA Adult Program	18,817	5,000
Title II-B Program	13,309	
WIA Youth Program		39,745
WIA Dislocated Worker Program	5,000	17,447
WIA 8%		4,313
WIA Incentive		3,029
Welfare to Work	4,123	
Migrant Education		20,553
Community Services Block Grant		5,482
Home Energy Assistance	7,041	
Commodities Distribution		518
Emergency Assistance		35
Medicaid Application Assistance		3,061
One Stop Shop	1,901	
	<u>\$ 208,749</u>	<u>\$ 208,749</u>

(5) Property and Equipment

Property and equipment consisted of the following at June 30, 2002:

	<u>Estimated Depreciable Life</u>	<u>Purchased With Federal Funds</u>	<u>Purchased With Non-Federal Funds</u>	<u>Total</u>
Furniture and equipment	5-10 years	\$ 189,647	\$ 7,553	\$ 197,200
Vehicles	5 years	79,380	19,304	98,684
Accumulated depreciation		<u>(145,809)</u>	<u>(26,857)</u>	<u>(172,666)</u>
Net investment in property and equipment		<u>\$ 123,218</u>	<u>\$ -</u>	<u>\$ 123,218</u>

Depreciation expense for the year ended June 30, 2002 was \$42,158.

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001
(Continued)

Property and equipment consisted of the following at June 30, 2001:

	Estimated Depreciable Life	Purchased With Federal Funds	Purchased With Non-Federal Funds	Total
Furniture and equipment	5-10 years	\$ 346,236	\$ 12,120	\$ 358,356
Vehicles	5 years	19,395	19,304	38,699
Accumulated depreciation		(256,614)	(31,424)	(288,038)
Net investment in property and equipment		<u>\$ 109,017</u>	<u>\$ -</u>	<u>\$ 109,017</u>

Depreciation expense for the year ended June 30, 2001 was \$42,182.

(6) Refundable Advances

Union records federal funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(7) Accrued Liabilities

Accrued liabilities at June 30, 2002 and 2001 consisted of the following:

	2002	2001
Accrued payroll	\$ 57,122	\$
Accrued annual leave	38,214	37,122
Payroll taxes payable	18,933	1,911
Cafeteria benefits payable	5,748	
	<u>\$ 120,017</u>	<u>\$ 39,033</u>

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Notes to Financial Statements
June 30, 2002 and 2001
(Continued)

(8) Contractual Revenue – Grants

During the years ended June 30, 2002 and 2001, Union received contractual revenue from federal and state grants in the amount of \$2,639,228 and \$1,658,933, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(9) Retirement Plan

Union has a defined contribution money purchase pension plan covering all employees that have completed 1,000 hours of service with no breaks in service in a twelve month period. Employees become eligible to participate in the plan after completing one year of service. Union contributes 4% of the employees' compensation and the employees may contribute a minimum of 2% and up to 16%. The amount contributed by Union for the years ended June 30, 2002 and 2001 was \$17,446 and \$14,377, respectively.

(10) Commodities Distribution

The expenses shown as commodity distribution represent certain costs to distribute the commodities. The value of the commodities distributed during the year ended June 30, 2001 was approximately \$2,542. The value of the commodities distributed is not reflected in the accompanying financial statements. The commodities program ended during the year ended June 30, 2001.

(11) Leases

Union leases certain buildings under operating leases. Rental costs on those leases for the year ended June 30, 2002 and 2001, were \$18,703 and \$39,210, respectively. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year are as follows:

<u>June 30</u>	
2003	\$ 3,274
2004	3,274
2005	<u>3,274</u>
	<u>\$ 9,822</u>

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Financial Position
June 30, 2002

	WIA Adult	WIA Title II-B	WIA Youth	WIA Dislocated Wrkr	WIA 8%	WIA Incentive - 5 %	Welfare to Work
Assets							
Current assets:							
Cash	\$ 805	\$	\$ 5,642	\$ 2,393	\$	\$	\$ 2,893
Certificates of Deposit							
Grant receivables	48,246		402,720	21,034			27,966
Other receivables	298						
Due from other funds		13,309		5,000			5,104
Total current assets	49,349	13,309	408,362	28,427			35,963
Property and equipment:							
Property and equipment	88,784		48,628	3,379	2,250	33,739	4,067
Accumulated depreciation	(32,725)		(23,745)	(891)	(2,250)	(14,772)	(2,383)
Total property and equipment	56,059		24,883	2,488		18,967	1,684
Total Assets	\$ 105,408	\$ 13,309	\$ 433,245	\$ 30,915	\$	\$ 18,967	\$ 37,647
Liabilities and Net Assets							
Current liabilities:							
Accounts payable	\$ 22,367	\$	\$ 343,278	\$ 10,210	\$	\$	\$ 35,963
Accrued liabilities	4,393		55,709	995			
Other liabilities							
Due to other funds	22,589		9,375	17,222	4,313		
Refundable advances		13,309					
Total current liabilities	49,349	13,309	408,362	28,427	4,313		35,963
Net assets:							
Unrestricted:							
Operating							
Fixed assets	56,059		24,883	2,488		18,967	1,684
Total net assets	56,059		24,883	2,488	(4,313)	18,967	1,684
Total Liabilities and Net Assets	\$ 105,408	\$ 13,309	\$ 433,245	\$ 30,915	\$	\$ 18,967	\$ 37,647

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Financial Position
June 30, 2002
(Continued)

Assets	Migrant Education	Community Services	Home		Commodities Distribution	Emergency Assistance	Medicaid Application Assistance	One Stop Shop	General Services	Total
			Energy Assistance							
Current assets:										
Cash	\$ 7,396	\$ 2,514	\$ 4,812	\$	\$ 3,206	\$	\$	823	\$ 94,613	\$ 125,097
Certificates of Deposit										
Grant receivables		13,506	109,481						160,822	160,822
Other receivables		290		1,141				1,006	355	622,953
Due from other funds	19,749		11,851		623				137,345	193,987
Total current assets	27,145	16,310	126,144	1,141	3,829			1,829	393,135	1,104,943
Property and equipment:										
Property and equipment	13,169	24,272						50,739	26,857	295,884
Accumulated depreciation	(7,692)	(22,565)						(38,786)	(26,857)	(172,666)
Total property and equipment	5,477	1,707						11,953		123,218
Total Assets	\$ 32,622	\$ 18,017	\$ 126,144	\$ 1,141	\$ 3,829	\$	\$	\$ 13,782	\$ 393,135	\$ 1,228,161
Liabilities and Net Assets										
Current liabilities:										
Accounts payable	\$ 3,650	\$	\$ 91,970	\$	\$	\$ 1,393	\$		\$	\$ 508,831
Accrued liabilities									58,920	120,017
Other liabilities									1,886	1,886
Due to other funds		16,227		518			7,538		116,205	193,987
Refundable advances	23,495	83	34,174		3,829			1,829		76,719
Total current liabilities	27,145	16,310	126,144	518	3,829		8,931	1,829	177,011	901,440
Net assets:										
Unrestricted:										
Operating				623			(8,931)	11,953	216,124	203,503
Fixed assets	5,477	1,707								123,218
Total net assets	5,477	1,707		623			(8,931)	11,953	216,124	326,721
Total Liabilities and Net Assets	\$ 32,622	\$ 18,017	\$ 126,144	\$ 1,141	\$ 3,829	\$	\$	\$ 13,782	\$ 393,135	\$ 1,228,161

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2002

	Jobs Training Assistance						
	WIA Adult	WIA Title II-B	WIA Youth	WIA Dislocated Wrkr	WIA 8%	WIA Incentive - 5%	WIA Welfare to Work
							WIA Subtotal
Revenues and Other Support:							
Contractual revenue - grants	\$ 679,203	\$	\$ 877,435	\$ 189,530	\$	\$	\$ 192,769
Interest income							\$ 1,938,937
Miscellaneous revenues							
Total revenues and other support	679,203		877,435	189,530			192,769
							1,938,937
Expenses and Losses:							
Salaries	143,328		383,084	27,382			64,319
Fringe benefits	37,347		65,019	6,581			14,682
Travel	7,642		9,076	5,196			46
Equipment			44,007	1,346			
Occupancy	10,130		5,798	8,039			2,799
Telephone and postage	4,205		1,806	3,118			695
Computer services	668		417	576			15
Supplies	3,045		7,568	2,023			861
Professional services	23,513		24,451	17,918			7,970
Miscellaneous	118,025		10,362	3,229			165
Client assistance payments							
Participant wages and benefits	27,602		270,576	6,773			99,264
Participant support services	252,630		32,884	104,957			
Training							
Depreciation	12,335		6,604	142	375	5,650	934
							26,040
Total expenses	640,470		861,652	187,280	375	5,650	191,750
							1,887,177
Loss from disposal of equipment						4,208	423
							4,631
Total expenses and losses	640,470		861,652	187,280	375	9,858	192,173
							1,891,808
Change in net assets	38,733		15,783	2,250	(375)	(9,858)	596
							47,129
Net assets as of beginning of year	17,326		9,100	238	(3,938)	28,825	1,088
							52,639
Net assets as of end of year	\$ 56,059	\$	\$ 24,883	\$ 2,488	\$ (4,313)	\$ 18,967	\$ 1,684
							\$ 99,768

(Continued)

Union Community Action Association, Inc.
Farmerville, Louisiana
Combining Schedule of Activities
For the Year Ended June 30, 2002
(Continued)

	Migrant Education	Community Services	Home Energy Assistance	Commodities Distribution	Emergency Assistance	Medicaid Application Assistance	One Stop Shop	General Services	Total
Revenues and Other Support:									
Contractual revenue – grants	\$ 409,128	\$ 74,504	\$ 201,361	\$	\$ 13,753	\$ 364	\$ 1,181	\$	\$ 2,639,228
Interest income								10,171	10,171
Miscellaneous revenues								326	326
Total revenues and other support	<u>409,128</u>	<u>74,504</u>	<u>201,361</u>		<u>13,753</u>	<u>364</u>	<u>1,181</u>	<u>10,497</u>	<u>2,649,725</u>
Expenses and Losses:									
Salaries	97,265	46,647				3,525		22,525	788,075
Fringe benefits	10,582	8,925				1,316		1,747	146,199
Travel	54,427	5,093							81,480
Equipment	1,535	4,206							51,094
Occupancy	625	272							27,663
Telephone and postage	2,038	1,421	7				137		13,427
Computer services	17	3							1,696
Supplies	12,380	959	67				54		26,957
Professional services	225,051	595							299,498
Miscellaneous	2,816	2,621						7,745	144,963
Client assistance payments		3,762	201,287		13,753				218,802
Participant wages and benefits									404,215
Participant support services									390,471
Training									
Depreciation	4,286	975					10,857		42,158
Total expenses	<u>411,022</u>	<u>75,479</u>	<u>201,361</u>		<u>13,753</u>	<u>4,841</u>	<u>11,048</u>	<u>32,017</u>	<u>2,636,698</u>
Loss from disposal of equipment	17,474						2,718		24,823
Total expenses and losses	<u>428,496</u>	<u>75,479</u>	<u>201,361</u>		<u>13,753</u>	<u>4,841</u>	<u>13,766</u>	<u>32,017</u>	<u>2,661,521</u>
Change in net assets	(19,368)	(975)				(4,477)	(12,585)	(21,520)	(11,796)
Net assets as of beginning of year	24,845	2,682		623		(4,454)	24,538	237,644	338,517
Net assets as of end of year	<u>\$ 5,477</u>	<u>\$ 1,707</u>	<u>\$</u>	<u>\$ 623</u>	<u>\$</u>	<u>\$ (8,931)</u>	<u>\$ 11,953</u>	<u>\$ 216,124</u>	<u>\$ 326,721</u>

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through Louisiana Department of Labor Community Services Block Grant	93.569	74,504
Passed through Louisiana Housing Finance Agency Home Energy Assistance Program – Energy Temporary Assistance to Needy Families	93.568 93.558	175,128 26,233
Total U.S. Department of Health and Human Services		<u>275,865</u>
<u>U.S. Department of Education</u>		
Passed through Louisiana Department of Education: Migrant Education	84.011	409,128
<u>Federal Emergency Management Agency</u>		
Passed through United Way of America Emergency Food and Shelter Program	83.523	<u>13,753</u>
<u>U.S. Department of Labor</u>		
Passed through Louisiana Department of Labor: Workforce Investment Act: Adult Program Youth Program Dislocated Worker Program Welfare to Work Total U.S. Department of Labor	17.258 17.259 17.260 17.253	679,203 877,435 189,530 192,769 <u>1,938,937</u>
Total federal expenditures		<u>\$ 2,637,683</u>

NOTE 1: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

COOK & MOREHART

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MEMBER
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Report on Compliance and on Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

We have audited the financial statements of Union Community Action Association, Inc. as of and for the year ended June 30, 2002, and have issued our report thereon dated November 21, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Union Community Action Association, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Union Community Action Association, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Union Community Action Association, Inc., in a separate management letter dated November 21, 2002.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart

Certified Public Accountants

November 21, 2002

COOK & MOREHART

Certified Public Accountants

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Report on Compliance With Requirements Applicable to Each Mach Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

Compliance

We have audited the compliance of Union Community Action Association, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Union Community Action Association, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Union Community Action Association, Inc.'s management. Our responsibility is to express an opinion on Union Community Action Association, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union Community Action Association, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Union Community Action Association, Inc.'s compliance with those requirements.

In our opinion, Union Community Action Association, Inc. complied, in a material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Union Community Action Association, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Union Community Action Association, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart
Certified Public Accountants
November 21, 2002

Union Community Action Association, Inc.
Farmerville, Louisiana

Summary Schedule of Prior Audit Findings
June 30, 2002

There were no findings or questioned costs for the audit period ended June 30, 2001.

Schedule of Findings and Questioned Costs
June 30, 2002

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Union Community Action Association, Inc.
2. No reportable conditions are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Union Community Action Association, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Union Community Action Association, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Union Community Action Association, Inc. reported in Part C. of this Schedule.
7. The programs tested as major programs included: 1) Workforce Investment Act-cluster: (WIA Adult, Youth and Dislocated Worker Programs), CFDA #17.258, 17.259, and 17.260, and 2) Migrant Program, CFDA #84.011.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Union Community Action Association, Inc. qualified as a low-risk auditee.

B. Findings – Financial Statements Audit: None

C. Findings and Questioned Costs – Major Federal Award Programs Audit: None

Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Prior Audit Findings For Louisiana Legislative Auditor
June 30, 2002

There were no findings in the previous audit for the year ended June 30, 2001.

There was one management letter comment in the previous audit for the year ended June 30, 2001, as follows:

Prior Year Comment #1 – Fixed Assets

Improvement noted this year.

**Union Community Action Association, Inc.
Farmerville, Louisiana
Schedule of Current Audit Findings For Louisiana Legislative Auditor
June 30, 2002**

There were no findings for the current year audit period ended June 30, 2002.

There were two management letter comments for the year ended June 30, 2002. Management's response to these comments is listed below:

Financial Agreement

The financial agreement with LDOL has been examined. UCAA is currently under discussion with LDOL about the agreement.

Liheap Administrative Reimbursement

Administrative expenses will be allocated to the Liheap program on a current basis.

COOK & MOREHART

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Management Letter

November 21, 2002

Board of Directors
Union Community Action Association, Inc.
Farmerville, Louisiana

We have audited the financial statements of Union Community Action Association, Inc. (Union), for the year ended June 30, 2002, and have issued our report thereon dated November 21, 2002. In planning and performing our audit of the financial statements of Union Community Action Association, Inc., we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

During our audit the following items were noted involving internal control over financial reporting and other operational matters which appear to merit your attention for consideration to improve the internal control over financial reporting or operations of Union. These comments have been discussed with the appropriate members of management.

Financial Agreement

During our audit, we noted that Union has a signed financial agreement with the Louisiana Department of Labor (LDOL), Office of Workforce Development, Bastrop Job Service Office. The agreement provides for Union, LDOL, and one other agency to share in the costs of monthly rent, supplies, and variance other items, on a pro rata basis. A calculation was made to determine each agency's share of the costs. Union's share of the payments was calculated at \$1,785.71 per month.

No payments were made by Union to LDOL during the year ended June 30, 2001. A payable of \$21,428.52 was booked at June 30, 2001 for the 12 months owed as of that date. No payments were made by Union to LDOL during the year ended June 30, 2002, either; therefore, the liability of \$21,428.52 is still outstanding. According to Union personnel, the LDOL has not yet billed them for the amount owed, and the amount owed is now determined to be uncertain. Therefore, no additional liability was recorded for the year ended June 30, 2002.

We suggest that Union communicate with LDOL to determine the correct amount owed for the years ended June 30, 2001 and 2002 and that the appropriate payments be made to resolve this matter and liquidate the outstanding liability.

Liheap Administrative Reimbursement

During our audit, we noted that, administrative expenses were not allocated to the Liheap program on Union's books.

We recommend that Union allocate the appropriate administrative expenses to the Liheap program on a current basis.

We express sincere thanks to Union personnel for the cooperation and assistance provided us during our audit. We are available to provide you assistance and consultation in the implementation of the above mentioned item. This letter is furnished solely for the use of management and the Board of Directors and is not intended to be used for any other purpose.



Cook & Morehart
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